

October 8, 2021

**VIA ELECTRONIC MAIL**

Luly E. Massaro, Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 02888

**RE: Docket No. 5190 - 2022 Renewable Energy Standard Procurement Plan**

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”), enclosed, please find the Company’s Renewable Energy Standard Procurement Plan for 2022 (“2022 RES Plan”) and Sales Recap (with Motion for Protective Treatment) which is described herein. The 2022 RES Plan is being submitted to the Public Utilities Commission (“PUC”) in accordance with 810-RICR-40-05-2.9. Pursuant to 810-RICR-40-05-2.9(C), all the components of the 2022 RES Plan are subject to PUC review and approval. The Company respectfully requests that the PUC approve the 2022 RES Plan as filed.

The Rhode Island Renewable Energy Standard, R.I. Gen. Laws § 39-26-4, (the “RES”) requires the Company to obtain a statutorily established percentage of its energy supply from eligible renewable energy resources. The 2022 RES Plan is designed to meet the statutory obligations set forth by the RES. The 2022 RES Plan does not include any adjustments to the 2021 RES Plan which was approved by the PUC at an Open Meeting on April 14, 2021 in Docket No. 5096. The Company will continue to utilize the standard RES certificate purchase agreement (“CPA”), the standard RES request for proposals (“RFP”) notice template, and the standard RES RFP summary template that were previously approved by the PUC.

In addition to the 2022 RES Plan, the Company has enclosed a Sales Recap. The Sales Recap is being filed in response to the PUC’s directives from the April 14, 2021 Open Meeting during which the PUC stated that, when the Company files its 2022 RES Plan, the Company is to include quarterly Renewable Energy Certificate (“REC”) purchases and sales, quarterly REC prices, and an analysis of the 4th quarter banking which might include a comparison of the 4th quarter banking strategy that the Company developed at the beginning of the quarter to the actual REC banking upon the conclusion of the quarter.

Please be advised that the Company considers the Sales Recap to be confidential. Pursuant to 810-RICR-00-00-1.3(H)(3) and R.I. Gen. Laws §38-2-2(4)(B), the Company respectfully requests that the PUC treat the Sales Recap as confidential. In support of this request, the Company has

Luly E. Massaro, Commission Clerk  
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enclosed a Motion for Protective Treatment of Confidential Information. In accordance with 810-RICR-00-00-1.3(H)(2), the Company also respectfully requests that the PUC make a preliminary finding that the Sales Recap be exempt from the mandatory public disclosure requirements of the Rhode Island Access to Public Records Act.

Thank you for your attention to this filing. If you have any questions or concerns, please do not hesitate to contact me at 401-784-4263.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew S. Marcaccio".

Andrew S. Marcaccio

cc: Docket 5096 Service List  
John Bell, Division  
Jon Hagopian, Esq.

**Docket No. 5096 - National Grid – 2021 Renewable Energy Standard (RES)  
Procurement Plan  
Service List updated 4/1/2021**

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STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION

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2022 Renewable Energy Standard Procurement Plan ) Docket No. 5190  
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**MOTION OF THE NARRAGANSETT ELECTRIC COMPANY D/B/A  
NATIONAL GRID FOR PROTECTIVE TREATMENT OF  
CONFIDENTIAL INFORMATION**

The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”) hereby respectfully requests that the Public Utilities Commission (“PUC”) grant protection from public disclosure certain confidential information submitted by the Company in the above referenced docket. The reasons for the protective treatment are set forth herein. The Company also requests that, pending entry of that finding, the PUC preliminarily grant the Company’s request for confidential treatment pursuant to 810-RICR-00-00-1.3(H)(2).

The record that is the subject of this Motion that requires protective treatment from public disclosure is a “Sales Recap” that was filed by the Company on October 8, 2021 as part of the Company’s 2022 Renewable Energy Standard Procurement Plan filing in Docket No. 5190. National Grid requests protective treatment of the Sales Recap in accordance with 810-RICR-00-00-1.3(H) and R.I. Gen. Laws § 38-2-2-(4)(B).

**I. LEGAL STANDARD**

For matters before the PUC, a claim for protective treatment of information is governed by the policy underlying the Access to Public Records Act (“APRA”), R.I. Gen. Laws § 38-2-1 et seq. See 810-RICR-00-00-1.3(H)(1). Under APRA, any record received or maintained by a state or local governmental agency in connection with the transaction of official business is considered public unless such record falls into one of the exemptions specifically identified by APRA. See R.I. Gen. Laws §§ 38-2-3(a) and 38-2-2(4). Therefore, if a record provided to the PUC falls within

one of the designated APRA exemptions, the PUC is authorized to deem such record confidential and withhold it from public disclosure.

## **II. BASIS FOR CONFIDENTIALITY**

The Sales Recap that is the subject of this Motion is exempt from public disclosure pursuant to R.I. Gen. Laws § 38-2-2(4)(B) as “[t]rade secrets and commercial or financial information obtained from a person, firm, or corporation that is of a privileged or confidential nature.” *The Attorney General’s Guide to Open Government in Rhode Island 6<sup>th</sup> Edition*<sup>1</sup> provides guidance as to the scope of R.I. Gen. Laws § 38-2-2(4)(B)’s applicability. It states that:

If a request is made for financial or commercial information that a person is obliged to provide to the government, it is exempt from disclosure if the disclosure is likely either: (1) to impair the government’s ability to obtain information in the future, or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained. If a request is made for financial or commercial information that is provided to the government on a voluntary basis, it is exempt from disclosure if the information “is a kind that would customarily not be released to the public by the person from whom it was obtained.” *The Providence Journal Company v. Convention Center Authority*, 774 A.2d 40 (R.I. 2001).

The Sales Recap consists of financial and commercial information. National Grid would customarily not release this information to the public and its submission of the Sales Recap to the PUC is needed to comply with a PUC directive issued at an Open Meeting on April 14, 2021. Specifically, the PUC stated that, when the Company files its 2022 RES Plan, the Company is to include quarterly Renewable Energy Certificate (“REC”) purchases and sales, quarterly REC prices, and an analysis of the 4th quarter banking which might include a comparison of the 4th quarter banking strategy that the Company developed at the beginning of the quarter to the actual REC banking upon the conclusion of the quarter. Accordingly, National Grid is providing the

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<sup>1</sup> <http://www.riag.ri.gov/Forms/AGguidetoopengovernment.pdf>

Sales Recap to fulfil its regulatory responsibilities. Therefore, the Sales Recap is exempt from public disclosure “if the disclosure is likely either: (1) to impair the government’s ability to obtain information in the future, or (2) to cause substantial harm to the competitive position of the person from whom the information was obtained.” See *The Attorney General’s Guide to Open Government in Rhode Island 6<sup>th</sup> Edition*, p. 22.

The release of the Sales Recap is likely to cause substantial harm to the competitive position of National Grid. The Sales Recap contains commercially sensitive market information including confidential summary of transaction prices, quantities, and sales strategies. The disclosure of which could negatively impact the Company’s customers.

### **III. CONCLUSION**

For the foregoing reasons, the Company respectfully requests that the PUC grant this motion for protective treatment of the Sales Recap.

Respectfully submitted,

NATIONAL GRID  
By its attorney,



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Andrew S. Marcaccio (#8168)  
National Grid  
280 Melrose Street  
Providence, RI 02907  
(401) 784-4263

Dated: October 8, 2021

**CERTIFICATE OF SERVICE**

I hereby certify that on October 8, 2021, I delivered a true copy of the foregoing Motion via electronic mail to the parties on the Service List for Docket No. 5096.



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Heidi J. Seddon

## 2022 Renewable Energy Standard Procurement Plan

### I. Objectives

- A. This plan satisfies 810-RICR-40-05-2.9(B) and 810-RICR-40-05-2.9(C) of the Rhode Island Public Utilities Commission’s (PUC) Rules and Regulations Governing the Implementation of a Renewable Energy Standard (RES Regulations), which is codified as 810, RICR-40-05-2. Under the RES Regulations, The Narragansett Electric Company (the Company) is required to submit annually a Renewable Energy Standard Procurement Plan (RES Plan) that details the Company’s procedures for obtaining resources that satisfy its obligations under the Rhode Island Renewable Energy Standard (RES), R.I. Gen. Laws § 39-26-1 et seq.
- B. The plan is for the procurement of the RES renewable energy certificates (RECs) to meet the obligations associated with provision of Last Resort Service (LRS) for 2022. The Company will use a competitive procurement process for all 2022 requirements for Existing Renewable Energy Resources (Existing RECs). The Company expects to use New Energy Resources (New RECs) obtained through the Distributed Generation Standard Contracts Act and the Long-Term Contracting Standard for Renewable Energy (collectively, Long-Term Renewable Contracts) and the Renewable Energy Growth (RE Growth) Program for all 2022 requirements for New RECs.
- C. This plan includes the sale of the New RECs for when the Company acquires RECs more than its RES obligation for its LRS customers.

### II. Requirements

The following table details the anticipated number of RECs that will be necessary to satisfy RES Regulations in 2022.

<b>Year</b>	<b>Percentage from New Renewable Energy Resources</b>	<b>Percentage from <i>either</i> New <i>or</i> Existing Renewable Energy Resources</b>	<b>Total RES Target Percentage</b>	<b>Estimated LRS Load (MWhs)</b>	<b>LRS Existing RES Obligation (RECs)</b>	<b>LRS New RES Obligation (RECs)</b>
2022	17.0	2.0	19.0	3,920,160	78,404	666,428

### III. REC Procurement

The Company would obtain RECs through the following market-based actions to meet the 2022 RES requirement for its LRS customers.

- A. Under the RES Regulations, the Company may bank 30% of the New RES Obligation for a compliance year to satisfy the RES requirement over the following two years. The Company will use any New RECs it banked in previous years to satisfy its 2022 RES requirement. RECs banked from prior years would have been obtained through market-based actions.
- B. To comply with the Long-Term Renewable Contracts, the Company enters into transactions with renewable energy resources that include New RECs. As first approved in PUC Docket No. 4315, the Company proposes to continue using these RECs to satisfy its New RES requirements for the LRS load. The Company believes that LRS customers will benefit from this approach because it minimizes transaction expenses.

To comply with the RE Growth Program, codified at R.I. Gen. Laws § 39-26.6-1 et seq., the Company enrolls eligible renewable energy resources and pays them a fixed price for their generation. Under the RE Growth Law, the Company receives title to the RECs for all projects that participate in the RE Growth Program. Effective June 27, 2016, pursuant to Rhode Island law, the Company has the option of selling these RECs or using them to comply with the RES.<sup>1</sup> As first approved in PUC Docket No. 4556, the Company proposes to continue using these RECs to satisfy its New RES requirements for the LRS load to further minimize transaction expenses.

- C. The Company will issue standalone REC Requests for Proposals (RFPs) to procure the remaining REC amounts for each REC class necessary to satisfy the RES Regulations. The Company intends to issue one or more REC RFPs in 2022 for Existing RECs. The Company does not anticipate issuing an RFP for New RECs because it expects that New RECs from the Long-Term Renewable Contracts and RE Growth Program will meet its New RES requirement.

The principal criteria to be used in evaluating REC RFP proposals will be the lowest evaluated bid price. In the event of identical low bids, the Company will allocate the offered RECs to all bidders with identical prices based on the quantities bid and the quantities solicited. For example, the Company solicits 5,000 RECs and receives two identical low bid prices. Bidder A offers 5,000 RECs and Bidder B offers 2,500 RECs. Bidder A will receive 3,333 RECs ( $5,000 / 7,500 * 5,000$ ) and Bidder B will receive 1,667 RECs ( $2,500 / 7,500 * 5,000$ ).

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<sup>1</sup> See R.I. Gen. Laws § 39-26.6-21(3).

- D. The Company may also evaluate offers or make bids to purchase RECs through environmental brokers, online broker platforms, or from other market participants.
- E. If the Company still has an obligation shortfall in a calendar year, the Company will make an Alternative Compliance Payment to the Rhode Island Commerce Corporation for the unmet obligation.

#### **IV. Transfer Prices**

The Company proposes to determine the market costs for reconciliation of the New RECs from Long-Term Renewable Contracts and the RE Growth Program that are used for the LRS New RES requirements by using the most representative data sources, such as recent solicitation results, broker sheets, and market indices. This procedure is described and first approved in Docket No. 4338. The market costs will be charged to LRS customers for the New RECs used for their RES obligation, and the same amount will be credited to all delivery customers. On a quarterly basis, the Company will obtain market prices for a period of ten business days before the opening of a NEPOOL GIS trading period and ten business days after. The Company will then average those market prices to calculate a REC market value which be used to reconcile the Long-Term Contracting for Renewable Energy Recovery (“LTC Recovery”) Factor and RE Growth Factor. Any difference between this REC market value and the estimate used to forecast the LTC Recovery Factor and RE Growth Factor will flow through the reconciliation mechanism. The price used to charge LRS customers and credit delivery customers is referred to as the Transfer Price.

#### **V. REC Sales**

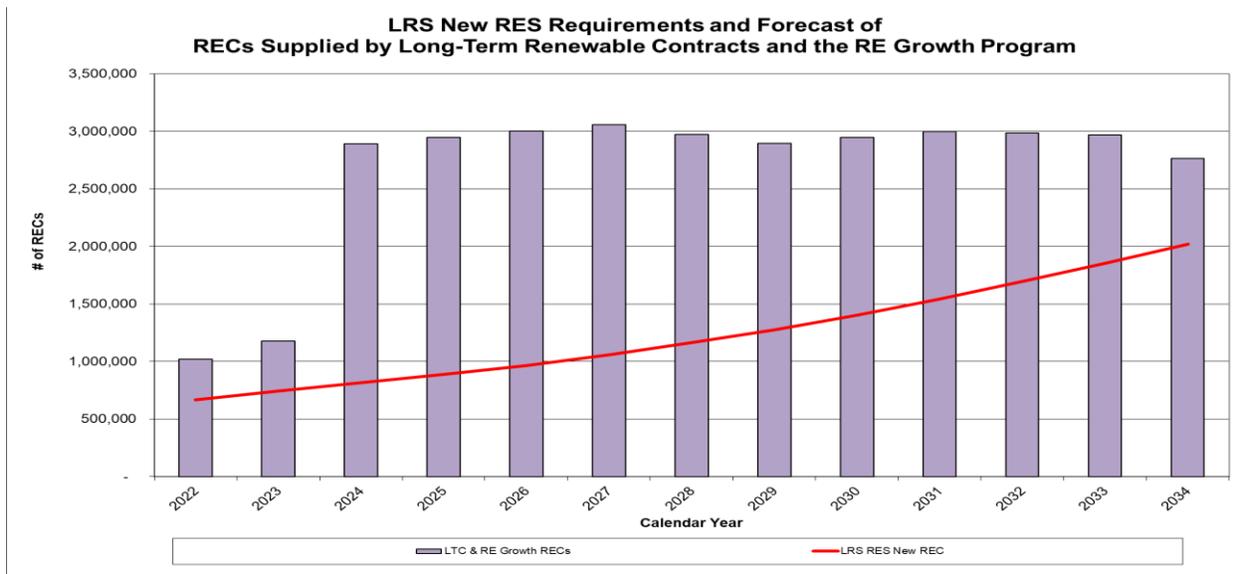
The Company anticipates that New RECs obtained from the Long-Term Renewable Contracts and the RE Growth Program will exceed the RES obligation and the allowable banking limit in the foreseeable future. Under the RES Regulations, the Company may bank 30% of the New RES obligation for a compliance year to satisfy the RES requirement over the following two years. Once the RECs from Long-Term Renewable Contracts and the RE Growth Program exceed the allowable banking limit, the Company must sell these RECs or they will expire with no value. Additionally, the Company may sell RECs rather than bank if it is financially advantageous to do so as described in Section VII. Therefore, the Company will perform REC sales transactions to manage the REC portfolio in the event that the New REC inventory exceeds the RES obligation and/or the banking limit.

The Company must sell the RECs in a timely manner to monetize the value of the RECs on behalf of delivery customers. The Company will sell the RECs using methods that are similar to the methods the Company uses to procure RECs. These methods include:

- A. The Company may issue a Request for Bids (RFB) or auction for RECs to solicit bids for the sale of the RECs. The RFB would allow multiple participants to bid for various volumes up to the quantity offered.
- B. The Company may participate in REC RFPs or auctions in the market place conducted by utilities, brokers, or other market participants.
- C. The Company may also make offers or evaluate bids to sell RECs through environmental brokers, online broker platforms, or to other market participants.

**VI. Forecast of RECs from Long-Term Renewable Contracts and the RE Growth Program and RES Requirements**

The chart below shows a projection of the New RES requirement for LRS customers compared to the estimated output of RECs obtained through the Long-Term Renewable Contracts and the RE Growth Program.



## VII. Procurement, Sales, and Bank Strategy

As first approved in the 2021 RES Plan, the first step of the Company's strategy to satisfy its RES requirement is to allocate RECs banked from the prior year. In the event the Company has banked RECs from a prior compliance year, it proposes to allocate the banked RECs evenly over each quarter of the current year to partially satisfy its New RES requirements for LRS load in each quarter.

The Company then proposes quarterly purchases of New RECs from Long-Term Renewable Contracts and the RE Growth Program equal to LRS customers' RES requirement minus the banked allocation.

Finally, in the event the New RECs from Long-Term Renewable Contracts and the RE Growth Program exceed the New RES requirements for LRS load in a quarter, the Company will sell and/or bank the excess RECs. In the first three quarters of 2022, the Company proposes to sell excess RECs as they are created. In the fourth quarter the Company proposes to use New RECs from Long-Term Renewable Contracts and the RE Growth Program for its New RES requirements for LRS load. The Company also proposes to bank 5% of the 2022 New RES obligation for the 2023 compliance year (to prevent the possibility of a shortfall) with New RECs from Long-Term Renewable Contracts and the RE Growth Program. Finally, the Company then proposes to bank or sell the New RECs that exceed the total of the RECs banked (5%) and the New RES requirements for LRS load.

In the event the Company is unable to use all the RECs for its LRS customers or sell the excess in a quarter, the remaining RECs will rollover to the next quarter. The RECs that rollover will be included in the next quarter's sales and will be included in the reconciliation of the New RECs from Long-Term Renewable Contracts and the RE Growth Program.

This strategy is illustrated in the following table assuming 100,000 banked RECs from the prior year and a RES requirement of 580,000 RECs:<sup>2</sup>

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- <sup>2</sup>(a) REC Supply is the expected New RECs from Long-Term Renewable Contracts and the RE Growth Program. In this illustration, the Company included examples of the quarterly number of RECs that may be produced throughout the year and totaling to 760,000 RECs.
- (b) RES requirement is the expected number of New RECs required to meet the Last Resort Service (LRS) customers' RES requirement. In this illustration, the Company included examples of the quarterly number of RECs necessary to meet the LRS customers' New RES requirements throughout the year and totaling to 580,000 RECs.
- (c) Banked RECs are the number of RECs from the prior year that will be banked for the next year's RES compliance. In this illustration, the Company included 100,000 banked RECs from the prior year. The Company's proposal in the 2022 RES Plan is to equally allocate banked RECs evenly from the prior year. Therefore, the quarterly RECs of 25,000 is 100,000 divided by four quarters.
- (d) RES Purchases are the quarterly number of RECs to purchase from the REC Supply to meet the quarterly LRS customers' RES requirement. In this illustration the Company calculated the LRS RES requirement for the quarter, subtracted the allocated Banked RECs for the quarter, and determined the number of New RECs to purchase from the REC Supply.

**THE NARRAGANSETT ELECTRIC COMPANY**  
**d/b/a NATIONAL GRID**  
**RIPUC DOCKET NO. 5190**  
**2022 RENEWABLE ENERGY STANDARD PROCUREMENT PLAN**  
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	<b>(a) REC Supply</b>	<b>(b) RES Requirement</b>	<b>(c) Banked RECs</b>	<b>(d) RES Purchases (= b - c)</b>	<b>(e) Bank &amp; Purchases for LRS (= c + d)</b>	<b>(f) 4th Qtr Bank 5%</b>	<b>(g) Sell or Q4 Bank (= a - d - f)</b>
Q1	200,000	150,000	25,000	125,000	150,000	0	75,000
Q2	180,000	125,000	25,000	100,000	125,000	0	80,000
Q3	180,000	175,000	25,000	150,000	175,000	0	30,000
Q4	200,000	130,000	25,000	105,000	130,000	29,000	66,000
Total	760,000	580,000	100,000	480,000	580,000	29,000	251,000

In this example, in the fourth quarter there are 95,000 RECs in excess of the RES requirement for LRS customers (200,000 RECs in column a minus 105,000 RECs in column d). As described above, the Company proposes to bank 29,000 of these RECs (5% x 580,000 RES requirement). The remaining 66,000 RECs (95,000 RECs minus 29,000 RECs), will either be banked or sold. In the fourth quarter the Company will bank the 66,000 RECs if the current year's price, as determined by the proposed procedure to establish market costs for the reconciliation, is materially lower than next year's spot market price. If the current year's price is higher than the next year's price, the Company will sell the 66,000 RECs. The decision to bank or sell RECs will be made immediately following the procedure to establish market costs.

The market costs will be charged to LRS customers for their RES obligation, and the same amount will be credited to delivery customers. For the first three quarters, the Company will charge LRS customers only the number of RECs necessary to meet that quarter's RES obligation for LRS customers. The Company will sell the RECs above the quarterly RES obligation as described in Section V. In the fourth quarter the Company will charge LRS customers for the number of RECs necessary to meet that quarter's RES obligation and for the RECs equal to 5% of the New RES obligation for the following compliance year. The Company may sell the excess RECs above the quarterly RES obligation and the 5% bank, bank the excess RECs and charge LRS customers, or a combination of the two. Any banked RECs will be included in the fourth quarter's valuation as determined by the proposed procedure to establish market costs for the reconciliation and will be credited to delivery customers.

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- (e) Bank & Purchases for LRS are the sum of Banked RECs and RES Purchases. This column demonstrates that the quarterly RES requirements were fully met by a supply of New RECs from Banked RECs and RES Purchases from the REC Supply.
  - (f) In the fourth quarter the 2022 RES Plan requires RECs to bank equal to 5% of the New RES obligation.
  - (g) Sell or Q4 Bank are the number of New RECs sold in the first three quarters. The quarterly amounts for the first three quarters are the REC Supply in excess of the RES Purchases which were RECs purchased used to comply with the RES. In the fourth quarter, the number of New RECs in Column (g) are the REC Supply in excess of the RES Purchases and the 5% bank.

The decision to bank or sell RECs will be made immediately following the procedure to establish market costs for the fourth quarter RES obligations which occurs at the end of April or beginning of May. At that time, the Company's Transfer Price methodology will charge LRS customers for its remaining New RES obligation and also RECs banked equal to 5% of its 2022 RES obligation. If the current year's Transfer Price is lower than next year's spot market price, it will bank the excess RECs above the 5% of its banking allowance up to its 30% limit. The Company's Transfer Price methodology will charge LRS customers for these additional banked RECs. Any excess RECs above the 30% banking limit will be sold.

If the current year's Transfer Price is higher than next year's spot market price, the Company will sell the excess RECs above the 5% of its banking allowance. It is possible that the Company may not be able to sell the excess RECs above the 5% of its banking allowance. If the Company cannot sell RECs to the banked amount of 5% because of market liquidity, or if the market prices decrease and the financial incentive to sell RECs is removed, the Company will bank the 2022 RECs for 2023 compliance to prevent them from expiring worthless.

In the event the Company is unable to sell the RECs and decides to bank REC for a future compliance year, the Company proposes to use a similar Transfer Price methodology to establish the value of these additional banked RECs. LRS customers will be charged a new Transfer Price for these RECs that are in excess of the 5% banked which have already been valued. This Transfer Price methodology will be for a period of ten business days prior to the decision to bank rather than sell, and ten business days after. For example, if prices decrease and on May 15th the Company decides there is no longer a financial advantage to sell, the Company will obtain market prices for ten business days before May 15th and ten days after. The new average market price will be the Transfer Price for any banked RECs above the 5% that had already been banked. If ten business days after the decision date are not available, the Company will use available data for the smaller time period.

If there are sales of excess New RECs in a quarter, the Company will include the sales revenue in its reconciliation of the Long-Term Renewable Contracts and the RE Growth Program. The revenue from the sales of excess New RECs will be separate and independent from the market costs for reconciliation for the New RECs used for New RES requirements for LRS load. REC Sales are further described in Section V.

The following processes describe the step by step compliance with the New RES obligation and the revenue for New RECs from the Long-Term Renewable Contracts and the RE Growth Program.

First, Second, and Third Quarters:

1. Determine REC supply from Long-Term Renewable Contracts and the RE Growth Program.
2. Determine the New RES requirement for LRS customers using actual load data.

3. Determine the number of RECs required to meet the New RES requirement for LRS customers by subtracting the allocated banked RECs from the prior year for the quarter from the New RES requirement (which is determined in step 2).
  - a. The number of RECs used to meet the New RES requirement will be valued using the Transfer Price methodology in Section IV.
4. Determine the number of RECs to sell by subtracting the number of RECs required to meet the New RES requirement (which is determined in step 3) from the REC supply (which is determined in step 1).
  - a. Sell the RECs by the methods included in Section V.
  - b. The Company will include the sales revenue in its reconciliation of the Long-Term Renewable Contracts and the RE Growth Program (as applicable). The revenue from the sales of excess New RECs will be separate and independent from the Transfer Price methodology.
  - c. In the event the Company is unable to sell the excess RECs in a quarter, the remaining RECs will rollover to the next quarter. The RECs that rollover will be included in the next quarter's sales.

Fourth Quarter:

1. Determine REC supply from Long-Term Renewable Contracts and the RE Growth Program.
2. Determine the New RES requirement for LRS customers using actual load data.
3. Determine the number of RECs required to meet the New RES requirement by subtracting the allocated banked RECs from the prior year for the quarter from the New RES requirement (which is determined in step 2).
  - a. The number of RECs used to meet the New RES requirement will be valued using the Transfer Price methodology in Section IV.
4. Determine the number of RECs that are equal to 5% of the current year's New RES requirement.
  - a. The number of RECs that are equal to 5% of the New RES requirement will be valued using the Transfer Price methodology in Section IV.
5. Determine the number of RECs, if any, that exceed the maximum allowable bank. The Company is allowed to bank RECs up to 30% of the current year's New RES requirement.
  - a. Sell these RECs that exceed the 30% of the current year's New RES requirement by the methods included in Section V.
  - b. The Company will include the sales revenue in its reconciliation of the Long-Term Renewable Contracts and the RE Growth Program (as applicable). The revenue from the sales of excess New RECs will be separate and independent from the Transfer Price methodology.
6. Determine the number of RECs, if any, that exceed the 5% bank (which is determined in step 4) and below the maximum 30% allowable bank (which is determined in step 5). These RECs will either be sold in the fourth quarter or banked for a future compliance year.

- a. If the current year's fourth quarter Transfer Price is lower than next year's spot market price, the Company will bank RECs.
  - i. The number of RECs that are banked will be valued using the Transfer Price methodology in Section IV.
- b. If the current year's fourth quarter Transfer Price is higher than next year's spot market price, the Company will sell the excess RECs above the 5% of its banking allowance.
  - i. Sell the RECs by the methods included in Section V.
  - ii. The Company will include the sales revenue in its reconciliation of the Long-Term Renewable Contracts and the RE Growth Program (as applicable). The revenue from the sales of excess New RECs will be separate and independent from the Transfer Price methodology.
  - iii. If the Company cannot sell the RECs it planned to sell in excess of the 5% bank because of market liquidity, or if the market prices decrease and the financial incentive to sell RECs is removed, the Company will bank the RECs for future compliance to prevent them from expiring worthless.
    1. The number of RECs that are banked will be valued using the Transfer Price methodology in Section IV, but for a different period of prices. This Transfer Price methodology will be for a period of ten business days prior to the date that the decision is made to bank rather than sell, and ten business days after.

**REDACTED**

**Summary of Transactions and Prices**